

**INDIANA HOUSING FINANCE AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM  
PROPERTY ELIGIBILITY**

The proceeds of a MCC must be used to acquire the principal residence of the borrower(s). The residence must meet the following requirements:

- (A) The property must be located in the State of Indiana.
- (B) The property must be:
  - (1) A single-family house, including a manufactured home which is permanently affixed to real estate.
- (C) The acquisition cost of the residence must not exceed the applicable program acquisition cost limits for an existing home or for a newly constructed home (see back of this section). The term “acquisition cost” means the cost of acquiring a residence from the seller(s) as a completed residential unit. The acquisition cost includes:
  - (1) All amounts paid, either in cash or in kind, by the borrower(s) (or a related party for the benefit of the borrower(s)) to the seller(s) (or a related party of the seller(s)) as consideration for the residence;
  - (2) If the residence is incomplete, the reasonable cost of completing the residence whether or not financed by the MCC loan;
  - (3) If the residence is in need of repair and the repairs are necessary to make the residence habitable, to meet local building codes, or to meet program requirements, the reasonable cost of making the repairs whether or not financed by the MCC loan;
  - (4) Settlement and financing costs in excess of amounts which are usual and reasonable (e.g. points paid by the buyer for the purpose of “buying down” the interest rate);
  - (5) Property taxes, if not pro rated between ownership by borrower and seller (e.g., Borrower pays next installment due); and
  - (6) The cost of the land **or** if a gift, the appraised value is to be added to acquisition if the borrower has owned the land for **less than two (2) years prior to construction.**

**Acquisition cost does not include:**

- (1) Usual and reasonable settlement and financing costs including:
  - (a) Title and transfer costs;
  - (b) Title Insurance;
  - (c) Survey fees and other similar costs;
  - (d) Credit reference fees;
  - (e) Legal fees;

- (f) Appraisal expenses;
  - (g) Usual and reasonable financing points;
  - (h) Structural and systems or pest inspections;
  - (i) Other related costs of financing the residence; and
  - (j) **Land owned by the borrowers for more than two years prior to construction.**
- (2) The imputed value of “sweat equity” performed by the borrower(s) or members of the borrower(s) immediate family.
- (D) **The Borrower must reasonably expect to reside in the property as his or her principal residence within sixty (60) days** after the loan closing date on existing homes **OR** within sixty (60) days of completion for a newly constructed home.
- (E) No more than fifteen percent (15%) of the total area of the principal residence can reasonably be used **exclusively** as:
- (1) The principal place of business for, or connected with, any trade or business on an exclusive or regular basis;
  - (2) A place where inventory is held for use in the trade or business of the selling of products at wholesale or retail but only if the residence is the sole fixed location of such trade business; or
  - (3) A place used on a regular basis in the trade or business.
- (F) The amount paid to the seller(s) for consideration for the residence cannot be higher than it would be had the sale occurred without the benefit of the MCC Program.
- (G) Mortgage financing eligibility
- (1) The MCC loan cannot finance the following:
    - a. Acquisition of personal property;
    - b. Land not appurtenant to the residence;
    - c. Land appurtenant to the residence but not necessary to maintain the basic livability of the residence and which provides, other than incidentally, a source of income to the borrower(s); or
    - d. Settlement and financing costs that are in excess of that considered usual and reasonable.
  - (2) The MCC loan cannot refinance an existing loan or acquire or replace existing mortgages of the borrower(s) for the property.
    - a. A mortgage includes deeds of trusts, pledges, agreements to hold title in escrow, and any other form of ownership financing.
    - b. Conditional land sale contracts may be considered prior financing.

- (3) The closing date of the loan **cannot** precede the Conditional Commitment Date located at the top of the approval letter.
- (4) A MCC loan cannot be financed from the proceeds of a Qualified Mortgage Revenue Bond or Qualified Veterans' Mortgage Bond.
- (5) None of the interest of a MCC loan can be paid to a related person of the borrower(s).